



LOWELL SCHOOL COMMITTEE
Henry J. Mroz Administration Office
155 Merrimack Street
Lowell, Massachusetts 01852

William J. Samaras
Mayor and Chairperson

Jackie Doherty
Vice-Chairperson

Andre P. Descoteaux
Robert J. Hoey Jr.
Dominik Hok Lay
Connie A. Martin
Gerard Nutter

Finance Subcommittee Meeting

Wednesday, December 19, 2018
City Hall Council Chambers
5:00 p.m.

Tel: (978) 674-4324
Fax: (978) 937-7609

Subcommittee Members Present:

Chairperson Gerry Nutter and Andy Descoteaux
Dominik Hok Lay was absent.

School Committee Members Present:

Mayor Samaras, Robert Hoey and Connie Martin

School Department Personnel Present:

Jeannine Durkin, Acting Superintendent
Billie Jo Turner, Interim Assistant Superintendent
for Finance

The Subcommittee update is in response to the following motion:

Motion by School Committee Member Gerry Nutter, which was approved at the
December 5, 2018, School Committee Meeting:

"Schedule a series of Finance Subcommittee meetings at 5:00p.m. before the next 3 SC
meetings to review process failures in our Financial department and what processes and
procedures have been put in place to prevent the financial fiasco we have been left with."

Chairperson Gerry Nutter called the meeting to order at 5:03 p.m. The following agenda items were
discussed:

1. Financial/Personnel Overview

- Approved budget and positions that were originally eliminated.
- Additional funding received in Chapter 70 and keep other sources.
- Shortfalls discovered during budget review.
- Positions presently not filled, combined or eliminated due to current financial challenges.

2. Processes and procedures being developed to address budget concerns and safeguard the district's financial health going forward.

Chairperson Nutter opened the meeting and said that the purpose of the meeting is to discuss where the district presently is. Mr. Nutter said that he wants to look at policies and procedures that are in place or to put new procedures in place. He also stated that Acting Superintendent Jeannine Durkin and Interim Assistant Superintendent Billie Jo Turner deserve a lot of congratulations and thanks for the effort and time that they have put into this. They have both walked into a very challenging situation and continue to find more challenges and it is his opinion that the two (2) of them have excelled and the report the Committee just received verifies what they have told the Committee and he feels that the two (2) of them have been unsung heroes and he wanted to publicly thank them both. Mr. Descoteaux stated that he concurs with what Mr. Nutter said and that they have gone much beyond the scope and he appreciates it.

Acting Superintendent Durkin asked Interim Assistant Superintendent Billie Jo Turner to share the outline in the report provided to the Subcommittee. Interim Assistant Superintendent Turner spoke about the financial and personnel overview. The FY2017-2018 budget was originally approved for \$181,671,202 and this included \$165,522,325 of general fund expenses and \$16,148,877 of expenses charged to revolving fund/grant offsets. This approved budget total was after forty (40) positions (net) had been eliminated. The positions eliminated were:

- 3 School Administrators
- 4 Central Office Administrators
- 6 Teachers
- 27 Support Staff (including Library Aides)

Interim Assistant Superintendent Billie Jo Turner stated that after reviewing the budget, she identified \$3,203,557 of underfunded accounts and \$1,487,383 in revolving fund/grant offsets that were not available and stated that the expenses that were charged to the unavailable offsets must now be covered by the General Fund. After adjusting for the known budget shortfalls and unavailable offsets, the General Fund increased by \$4,690,940, due to the \$2,206,671 in unbudgeted revenue received after the budget was approved, the \$4,690,940 was reduced to a \$2,484,269 deficit. The presented deficit of \$2,484,269 is difficult to close without impacting students. The administration suggests twelve (12) additional positions that the district could temporarily not fill or eliminate. They are as follows:

- 1 Assistant HR Director (With this resignation, we will now need to fill HR Director position)
- 1 Database and Systems Administrator (Position reorganized)
- 1 Accountability Clerk
- 2 McHugh Teachers (Reassigned)
- 1 Bridge Teacher
- 1 In-House Suspension Teacher
- 1 Coordinator-Educational Television
- 1 TV Associate Producer

- 1 Social Worker
- 1 Bridge Caseworker
- 1 Alternative Coordinator

Mr. Nutter stated that during the original budget discussion he thought the emergency Puerto Rico Hurricane relief monies was already included.

Acting Superintendent Durkin stated that there were two (2) rounds of that money and some was originally included in the first round.

Mr. Descoteaux asked if the Human Resource Director position had been posted yet.

Acting Superintendent Durkin stated that they had held off posting it especially during the slower time and additionally Interim Assistant Superintendent Turner has been cross training staff. She stated that this is the opportune time to fill this position and we absolutely need to fill this position.

Assistant Superintendent Turner continued and stated that in addition to these positions, the administration has suggested further cuts such as reducing the substitute pool, tutors, iReady assessment, recruitment, stipends, equipment replacement, etc. Despite these reductions, the district still has not closed the \$2,484,269 gap and the district has learned of additional unbudgeted costs such as \$715,000 (approximate) in annual dental premiums that were not included in the presented deficit. This cost was not listed in the budget and is not part of the monthly employee benefit charge of approximately \$1,450,000 that the City charges the schools. The dental charge is transferred to the schools at year end according to the Conor Baldwin, the City's CFO. After learning about the unbudgeted cost, it had to be added to the deficit. Despite the reductions listed, we still have a known deficit of \$865,000. Ms. Turner noted that the accounts are all budgeted without cushions to allow for the changes/increases (though historical data would warrant such). The administration's plan is to project the major accounts monthly to notify the Committee in the case that they think that we may not be able to operate within these reduced budget constraints. She concluded stating that the district is implementing processes and procedures to address budget concerns and to safeguard the district which includes attendance tracking procedures, streamlining the retirement process and monthly projections for year end. As the district identifies control deficiencies or lack of systems, immediate (temporary) controls will be put in place while we research and create a permanent correction.

Mr. Nutter asked how we track attendance for teachers, etc.

Assistant Superintendent Turner stated that the teachers are in X2 and the clerks at the schools enter their time. There was no system in place to monitor when people were getting close to their time. Currently we are running an accrual report every week.

Mr. Descoteaux stated that he remembered getting a paper that showed his sick time and asked if that is that still happening.

Acting Superintendent Durkin stated that it is still the process and also stated that we have a number of staff that service a number of schools and they may sign in and some didn't sign in so we wanted to make sure we put systems in place to support that. We are presently meeting with the unions so this doesn't become a cumbersome process. She stated that two (2) forms have been created and one (1) form is for fulltime staff and the other form is for the staff that isn't there all the time and that a summary form from Central office will be sent and the administrative assistant can sign off on it and then it can be reconciled.

Interim Assistant Superintendent Turner has also started tracking upcoming retirements and when her office receives the paperwork they will confirm that they received it then pass it to the proper employees who need it. By doing this the business office can track the approximate sick leave buyback. The account presently is at \$700,000 and the district has already spent \$400,000 and as of now we have twenty-five (25) more people who will be retiring.

Acting Superintendent Durkin stated that we were finding out that people dropped off paperwork, but might have been missing a form so that held up the process. A system is now in place to tell them what they need.

Mr. Nutter asked when do you project we will finish this year's budget.

Acting Superintendent stated that the School Committee requested that we defer on voting on the actual lines to move until after the audit so we will have that information for you to vote on at the next School Committee meeting and hopefully have a balanced budget, but we still need to reconcile the \$715,000.

**Mr. Descoteaux made a motion to adjourn at 6:21 p.m.; seconded by Mr. Nutter. 2 yeas, 1 absent
APPROVED**

Respectfully submitted,



Billie Joe Turner, Interim Assistant
Superintendent for Finance for
Jeannine M. Durkin, Acting
Superintendent and Acting Secretary,
Lowell School Committee

BJT/mes